

---

# HALF YEAR REPORT 2018

---

Witan Pacific Investment Trust plc



Witan Pacific investment trust

# CONTENTS

---

1 Key information

## **Interim management report**

2 Financial summary  
3 Long-term performance analysis  
4 Chair's statement  
8 Portfolio information  
10 Top twenty investments  
11 Regulatory disclosures

## **Financial statements**

12 Condensed income statement  
13 Condensed statement of changes in equity  
14 Condensed balance sheet  
15 Notes to the financial statements

## **Information**

22 Responsibility statement of the Directors  
23 Information for shareholders  
27 How to invest  
29 Glossary  
30 Directors and advisers



# KEY INFORMATION

The Company aims to provide shareholders with capital and income growth from a diversified portfolio of investments in the Asia Pacific region.

## Strategy

- Aim to outperform the Company's benchmark, the MSCI AC Asia Pacific Index, in Sterling terms over the long term
- Aim to increase the dividend per share in real terms over the long term
- Employ an active multi-manager approach with the aim of adding value and diversifying risk
- Appoint independent portfolio managers to access the wide range of opportunities in the Asia Pacific region, seeking capital return and income growth
- Buy back shares when the Company's shares are standing at a substantial and anomalous discount to their net asset value ("NAV")
- Control costs, seeking to maintain ongoing charges (excluding performance fees, if any) of less than 1% per annum

## Why choose Witan Pacific Investment Trust?

- The only UK investment trust with a strategic focus across the entire Asia Pacific region, including Japan, Australia and India: investing in companies operating within this increasingly interdependent region
- A multi-manager strategy which involves the active management both of portfolio managers and the allocations to those managers, to give access to a variety of investment styles and skills, and a broader investment opportunity
- The combination of portfolio managers offers a portfolio of stocks reflecting their best ideas, independent of index weightings and aiming to balance out some of the risks
- Investment performance: 9.8% annualised NAV total return (0.2% per annum outperformance<sup>1,2</sup> of the benchmark) since the introduction of the multi-manager approach in 2005
- Growing income: annual regular dividends have increased in each of the past 13 years
- Governance by an experienced, independent Board of Directors

<sup>1</sup> Source: Morningstar. The financial statements set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts ("Alternative Performance Measures"), which are summarised on pages 2 and 3. Definitions of the terms used are set out on page 29.

<sup>2</sup> Investors are reminded that past performance is not a guide to future performance and the value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

# FINANCIAL SUMMARY

## Key data

	31 July 2018	31 January 2018	% change
NAV per share	<b>380.82p</b>	386.58p	↓ 1.5%
Share price <sup>1</sup>	<b>327.00p</b>	344.00p	↓ 4.9%
Discount <sup>1</sup>	<b>14.1%</b>	11.0%	

## Total Return

	6 months	1 year	3 years	5 years
NAV per share <sup>1,2</sup>	-0.6%	5.5%	44.2%	51.1%
Share price <sup>1,2</sup>	-4.0%	3.9%	40.7%	45.8%
Benchmark <sup>3</sup>	-0.1%	7.5%	51.6%	66.9%

## Income

	31 July 2018	31 July 2017	% change
Revenue per share	<b>4.71 p</b>	3.46p	↑ 36.1%
Interim dividend per share <sup>1</sup>	<b>2.50p</b>	2.25p	↑ 11.1%

## Ongoing charges<sup>1</sup> (6 months)

	31 July 2018	31 July 2017
Excluding performance fees	<b>0.54%</b>	0.50%
Including performance fees	<b>0.54%</b>	0.50%

1 Alternative Performance Measure not defined under Generally Accepted Accounting Practice in the UK ("UK GAAP") (for definitions see page 29).

2 Source: Morningstar.

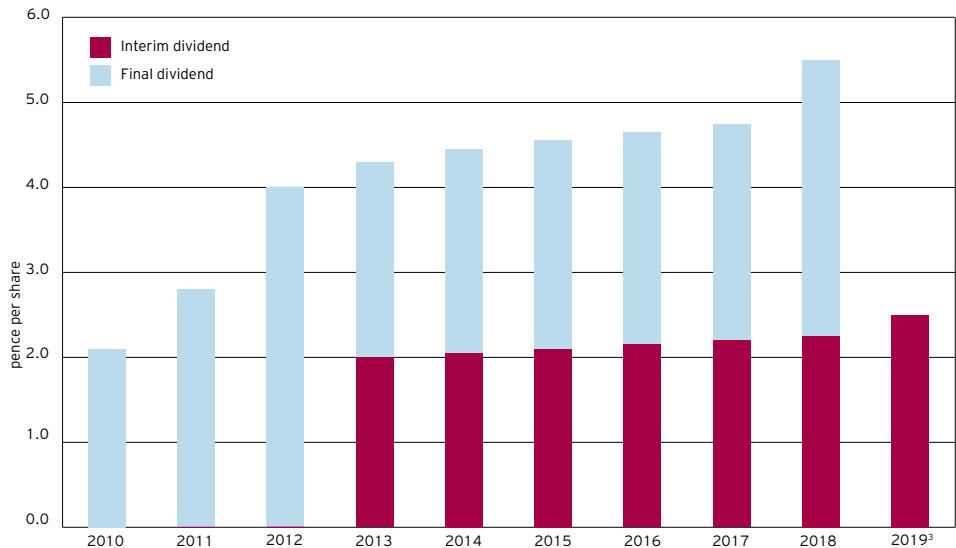
3 Source: Morningstar. The benchmark for Witan Pacific Investment Trust plc is the MSCI AC Asia Pacific Index.

# LONG-TERM PERFORMANCE ANALYSIS

## Total returns since inception of multi-manager structure (31 May 2005)

	Cumulative return	Annualised return
NAV per share <sup>1</sup>	242.9%	9.8%
Share price <sup>2</sup>	238.7%	9.7%
Benchmark <sup>2</sup>	233.4%	9.6%

## 10-year dividend record



1 Source: Morningstar/Witan Investment Services. Alternative Performance Measure (see page 29).

2 Source: Morningstar. Alternative Performance Measure (see page 29).

3 Interim dividend only.

# CHAIR'S STATEMENT

---

## Performance

During the six months ended 31 July 2018, Witan Pacific's NAV total return per share (capital and income combined) and its benchmark fell marginally by 0.6% and 0.1% respectively. The discount widened during the period, resulting in a fall of 4.0% in the share price on a total return basis.

## Portfolio managers

Our portfolio managers' performance\* over the period was mixed. Matthews Asia outperformed the benchmark with a total return of 1.4%. Robeco (-0.4%) marginally underperformed. Aberdeen was a little further adrift with a total return of -1.5%. Dalton registered a six-month loss of 2.7%. Only Dalton, who were appointed less than 12 months ago to manage 10% of the total portfolio, are currently behind their

benchmark since appointment. The Board considers it to be too early to judge their performance.

## Market background

The period started with a market correction in February affecting the Asia Pacific region alongside other global markets and replacing the recent rally and era of low volatility. Catalysts for this sell off included inflation worries and fears of a faster than expected pace of interest rate rises in the US, as well as heightened perceptions of the risk of trade wars between the US and its major trading partners. Markets generally continued to drift lower over the period, with the strengthening US dollar and higher oil prices having a negative impact. UK-based investors were largely insulated from this decline as Sterling depreciated over the period.

The region posted widely divergent results, with Australia leading with a rise of 6.4%. A small, but diverse, group of companies (including healthcare giant CSL) led this market higher. Indonesia was the laggard, falling 11.8% due to concerns over its exposure to higher energy prices, a widening trade deficit and higher debt funding costs. Taiwan, India, Hong Kong and Japan ended the period higher, whereas China, Korea, Singapore and the Philippines all posted

\* Individual manager's performance gross of fees.



**HIGHLIGHTS**

■ NAV total return of -0.6%, compared with benchmark -0.1%

■ Share price total return of -4.0%

■ Revenue per share 4.7p compared with 3.5p over the same period last year.

■ Interim dividend increased by 11.1% to 2.50p

losses. This period of consolidation has, at the date of this report, returned the benchmark to the level achieved in October 2017, despite corporate earnings having improved markedly over the period.

Japanese equities, which form 38% of our benchmark, gained 2% but were not entirely immune from global trade tensions and gains were also limited by domestic politics with Prime Minister Abe and his cabinet's deteriorating approval rating. The domestic economy continues to benefit from improved fundamentals and stronger exports (especially toward China) and reasonable wage growth. This has led to a moderate hike in inflation expectations and supported corporate earnings growth.

China has been the focus of the US trade tariff hikes. However, China's economy is now much less export-driven, so taxes on their shipments may have a more modest impact than commonly perceived. In contrast, domestic consumption accounts for the majority of China's economic growth and more than half of its GDP. Resilient corporate earnings and a relatively stable currency have provided support to stock prices.

The performance of industry sectors was also varied with Utilities rising by 11.8%, Energy stocks gaining 9.6% and Healthcare up 8.2%. Financials fell by 3.1% while the

Technology sector declined by 2.2%. Asian currencies continued to oscillate, especially against Sterling, as local economic and political news interacted with the ebbs and flows of expectations for Brexit. In general, developed Asian currencies appreciated versus Sterling while emerging Asian currencies suffered in line with other emerging markets around the world.

North Korea, which was in the headlines at the start of the year, became a focal point for political analysts as President Trump finally met with Kim Jong-un. This was clearly a momentous occasion, but it is likely to be many months or years before any tangible benefits filter through.

**Portfolio review**

Details of the portfolio's key country and sector allocations, as well as the top twenty investments by size, follow this Statement. The portfolio is the result of the stock selection decisions of our four portfolio managers and, at the period end, was overweight China, Singapore and South Korea, and underweight Japan, Australia and Taiwan.

A number of our Chinese holdings made positive contributions despite the weakness in the overall Chinese market. Examples include Shenzhou International (a textile manufacturer), Hua Hong Semiconductor, China Petroleum and China Gas. In

## CHAIR'S STATEMENT continued

---

Japan, our holdings in Pigeon (a baby product company), Anritsu (electronics and communications) and Hoya (precision optics) did particularly well. Detractors include a long-held position in Minth Group (Chinese auto-parts), Rohm Co (Japanese semiconductor) and BGF Retail (Korean convenience stores). An underweight position in the Chinese internet giants (the so-called BAT stocks) was a net positive (relative to the benchmark) as they underperformed the region over the six-month period.

### Outlook

Emerging market volatility, escalating trade tensions and geopolitical uncertainty are currently trumping economic growth, earnings growth and corporate governance improvements in influencing market levels in the short term. Exchange rate volatility has also increased and is likely to remain elevated as Brexit negotiations come to a head. Even though the global economy continues to expand at a steady pace, it appears likely that geopolitical uncertainties and shifts in monetary policy are likely to weigh on investor sentiment for a while to come. Meanwhile, earnings continue to improve against a supportive macroeconomic backdrop and governments in Asia are taking the opportunity to engage in reforms that will strengthen their

economies and improve corporate business fundamentals in the long term. We expect the volatility in share prices which returned earlier in 2018 after a period of relative calm to continue. This can provide good opportunities for stock pickers such as our portfolio managers.

### Share repurchases

The share price discount widened over the period. We continue to buy back shares when the discount at which they stand is at an anomalous and substantial level. During the period, the Company purchased 224,884 shares, which has added approximately £120,000 of value (0.2p per share) for shareholders.

### Dividend

The Board aims to increase the annual dividend per share in real terms over the long term. Annual dividends have increased consistently for over thirteen years at an annualised rate in excess of 13%. I am pleased to report that the revenue earnings per share for the first half increased by 36.1% over the same period last year, due primarily to an increase in dividends paid by our portfolio companies, together with some one-off effects from changes to the manager line-up in September 2017. Witan Pacific also has a healthy revenue reserve amounting to 20p per share which can be



used to supplement dividends in leaner years. The Board therefore proposes to pay an interim dividend of 2.50p per share and we are confident that, in the absence of unforeseen circumstances, the final dividend (payable in summer 2019) is likely to result in another full year of dividend growth for our shareholders.

**Susan Platts-Martin**

Chair

4 October 2018

**Company Secretary contact details:**

Link Company Matters Limited

Beaufort House, 51 New North Road

Exeter EX4 4EP

email: [WitanPacificInvestmentTrustPlc@linkgroup.co.uk](mailto:WitanPacificInvestmentTrustPlc@linkgroup.co.uk)

# PORTFOLIO INFORMATION

## Portfolio manager performance for the half year ended 31 July 2018 and from appointment to 31 July 2018

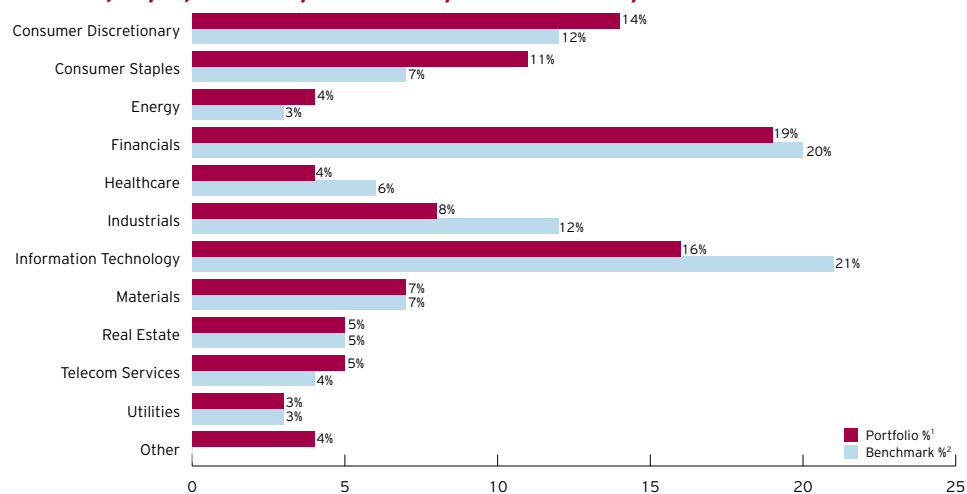
	Appointment date	Managed assets <sup>1</sup>		Performance		Annualised performance <sup>2</sup>	
		£m	%	Manager %	Benchmark %	Manager %	Benchmark %
Aberdeen	31 May 2005	59.3	24.9	-1.5	-0.1	+11.2	+9.6
Dalton	28 Sept 2017	22.4	9.4	-2.7	-0.1	+0.2	+8.7
Matthews	30 April 2012	96.9	40.6	+1.4	-0.1	+13.5	+11.3
Robeco	28 Sept 2017	59.8	25.1	-0.4	-0.1	+8.7	+8.7

Source: BNP Paribas. All performance figures are disclosed on a pre-fee basis.

1 Excluding cash balances held centrally by the Company.

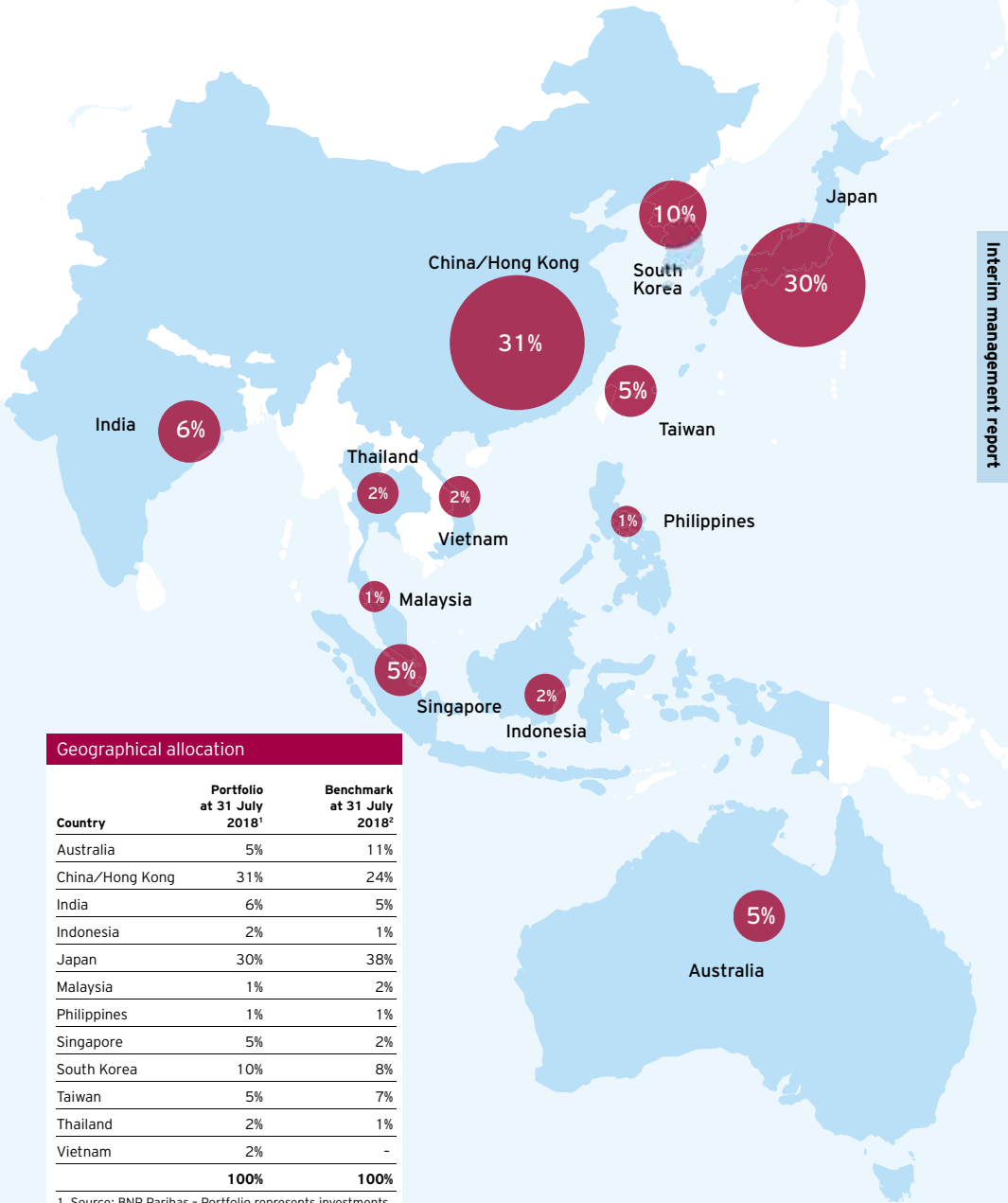
2 Since appointment.

## The Company's portfolio by sector analysis as at 31 July 2018



1 Source: BNP Paribas.

2 Source: MSCI.



**Geographical allocation**

Country	Portfolio at 31 July 2018 <sup>1</sup>	Benchmark at 31 July 2018 <sup>2</sup>
Australia	5%	11%
China/Hong Kong	31%	24%
India	6%	5%
Indonesia	2%	1%
Japan	30%	38%
Malaysia	1%	2%
Philippines	1%	1%
Singapore	5%	2%
South Korea	10%	8%
Taiwan	5%	7%
Thailand	2%	1%
Vietnam	2%	-
<b>100%</b>	<b>100%</b>	

1 Source: BNP Paribas - Portfolio represents investments excluding cash.

2 Source: MSCI.

# TOP TWENTY INVESTMENTS

as at 31 July 2018

This period	Company	Country	% of total investments	Value £'000
1	Taiwan Semiconductor	Taiwan	2.4	5,614
2	Aberdeen Global Indian Equity Fund	India	2.1	4,921
3	Samsung Electronics	South Korea	2.1	4,816
4	China Construction Bank	China	2.0	4,646
5	China Petroleum (Sinopec)	China	1.8	4,277
6	Shenzhou International	China	1.8	4,234
7	HSBC	UK	1.8	4,147
8	Aberdeen Global China A Share Fund	China	1.7	3,950
9	Seven & I Holdings	Japan	1.6	3,833
10	Mint Group	China	1.4	3,187
11	Japan Tobacco	Japan	1.4	3,183
12	Rohm	Japan	1.3	2,941
13	Hyundai Mobis	South Korea	1.2	2,788
14	LG Chemical	South Korea	1.2	2,746
15	United Overseas Bank	Singapore	1.1	2,667
16	China Mobile	Hong Kong	1.1	2,652
17	BHP Billiton	Australia	1.0	2,392
18	China Gas	China	1.0	2,337
19	Nitori Holdings	Japan	1.0	2,331
20	Sumitomo Mitsui Financial	Japan	1.0	2,318
<b>Totals</b>			<b>30.0</b>	<b>69,980</b>

The value of the twenty largest holdings represents 30.0% (31 January 2018: 31.1%) of the Company's total investments. The full portfolio listing is published monthly (with a three-month lag) on the Company's website. The country shown is the country of incorporation or, in the case of funds, the country of risk.

# REGULATORY DISCLOSURES

## Related party transactions disclosures

During the period to 31 July 2018, related party transactions included dividends paid to Directors in respect of their shareholdings in the Company. Details of Directors' shareholdings and remuneration may be found in the Directors' Remuneration Report on pages 45 to 48 of the Company's Annual Report for the year ended 31 January 2018. The report is available on the Company's website at [www.witanpacific.com](http://www.witanpacific.com).

There have been no other related party transactions.

## Principal risks and uncertainties

The Directors have considered the principal risks and uncertainties affecting the Company's position. The principal risks faced by the Company for the remaining six months of the financial year include financial risks relating to markets, liquidity and credit. Market risk includes market price risk, currency risk and interest rate risk. Other risk categories include those relating to business strategy, market conditions, investment performance, reduction in income, operational failures and tax and regulatory changes or breaches. These risks and the way in which they are managed are described in more detail in the Annual Report for the year ended 31 January 2018 in the corporate review and in the notes to the financial statements.

The risks faced by the Company have not changed significantly over the six months to 31 July 2018 and are not expected to change materially in the next six months. The report is available on the Company's website at [www.witanpacific.com](http://www.witanpacific.com).

## Going concern

The financial statements continue to be prepared on a going concern basis. The approach used for the Annual Report is applied, including proper consideration of financial and cash flow forecasts, and it is believed that the Company has adequate financial resources to continue to operate for the foreseeable future.

# CONDENSED INCOME STATEMENT

for the half year ended 31 July 2018

Note	(Unaudited) Half year ended 31 July 2018			(Unaudited) Half year ended 31 July 2017			(Audited) Year ended 31 January 2018			
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	
(Losses)/gains on investments held at fair value through profit or loss	-	(3,997)	(3,997)	-	20,210	20,210	-	33,241	33,241	
Exchange losses	-	(33)	(33)	-	(174)	(174)	-	(344)	(344)	
Investment income	2	3,928	-	3,928	3,013	-	3,013	5,740	-	5,740
Management fees	3	(209)	(628)	(837)	(178)	(535)	(713)	(370)	(1,110)	(1,480)
Performance fees	3	-	-	-	-	-	-	-	-	-
Other expenses		(437)	(23)	(460)	(433)	(26)	(459)	(879)	(64)	(943)
<b>Net return/(loss) before finance charges and taxation</b>		<b>3,282</b>	<b>(4,681)</b>	<b>(1,399)</b>	2,402	19,475	21,877	4,491	31,723	36,214
Finance charges		-	-	-	(1)	-	(1)	-	-	-
<b>Net return/(loss) before taxation</b>		<b>3,282</b>	<b>(4,681)</b>	<b>(1,399)</b>	2,401	19,475	21,876	4,491	31,723	36,214
Taxation		(307)	-	(307)	(195)	(4)	(199)	(350)	(6)	(356)
<b>Net return/(loss) after taxation</b>		<b>2,975</b>	<b>(4,681)</b>	<b>(1,706)</b>	2,206	19,471	21,677	4,141	31,717	35,858
<b>Return/(loss) per Ordinary share – pence</b>	5	<b>4.71</b>	<b>(7.41)</b>	<b>(2.70)</b>	3.46	30.51	33.97	6.52	49.90	56.42

All revenue and capital items in the above statement derive from continuing operations. The total columns of this statement represent the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Company had no other comprehensive income, recognised gains or losses other than those disclosed in this statement.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 July 2018

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>Half year ended 31 July 2018 (unaudited)</b>						
At 31 January 2018	16,486	5	41,085	175,084	11,795	244,455
Net (loss)/return after taxation and total comprehensive income	-	-	-	(4,681)	2,975	(1,706)
Purchase of own shares	-	-	-	(738)	-	(738)
Dividends paid	-	-	-	-	(2,054)	(2,054)
<b>At 31 July 2018</b>	<b>16,486</b>	<b>5</b>	<b>41,085</b>	<b>169,665</b>	<b>12,716</b>	<b>239,957</b>
<b>Half year ended 31 July 2017 (unaudited)</b>						
At 31 January 2017	16,486	5	41,085	148,762	10,697	217,035
Net return after taxation and total comprehensive income	-	-	-	19,471	2,206	21,677
Purchase of own shares	-	-	-	(4,917)	-	(4,917)
Dividends paid	-	-	-	-	(1,618)	(1,618)
<b>At 31 July 2017</b>	<b>16,486</b>	<b>5</b>	<b>41,085</b>	<b>163,316</b>	<b>11,285</b>	<b>232,177</b>
<b>Year ended 31 January 2018 (audited)</b>						
At 31 January 2017	16,486	5	41,085	148,762	10,697	217,035
Net return after taxation and total comprehensive income	-	-	-	31,717	4,141	35,858
Purchase of own shares	-	-	-	(5,395)	-	(5,395)
Dividends paid	-	-	-	-	(3,043)	(3,043)
<b>At 31 January 2018</b>	<b>16,486</b>	<b>5</b>	<b>41,085</b>	<b>175,084</b>	<b>11,795</b>	<b>244,455</b>

# CONDENSED BALANCE SHEET

as at 31 July 2018

	Note	(Unaudited) 31 July 2018 £'000	(Unaudited) 31 July 2017 £'000	(Audited) 31 January 2018 £'000
<b>Fixed assets</b>				
Investments held at fair value through profit or loss		233,671	228,117	240,565
<b>Current assets</b>				
Debtors		1,598	1,276	1,899
Cash at bank and in hand		6,735	5,232	4,392
		8,333	6,508	6,291
<b>Creditors</b>				
Amounts falling due within one year		(2,047)	(2,448)	(2,401)
		(2,047)	(2,448)	(2,401)
<b>Net current assets</b>		6,286	4,060	3,890
<b>Net assets</b>		239,957	232,177	244,455
<b>Capital and reserves</b>				
Called up share capital	7	16,486	16,486	16,486
Share premium account		5	5	5
Capital redemption reserve		41,085	41,085	41,085
Capital reserves		169,665	163,316	175,084
Revenue reserve		12,716	11,285	11,795
<b>Total shareholders' funds</b>		239,957	232,177	244,455
<b>Net asset value per Ordinary share - pence</b>	8	380.82	366.32	386.58



# NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 July 2018

## 1 Accounting policies

### (a) Basis of preparation

The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

As an investment fund, the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity's investments are highly liquid and are carried at market value; and where a Statement of Changes in Equity is provided.

### (b) Valuation of investments

All investments have been designated upon initial recognition as fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss.

Listed investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices for quoted investments. Investments included in Level 2 in the Fair Value Hierarchy disclosures in note 9 consist of unlisted reportable funds within the portfolio, Aberdeen Global Indian Equity UCITS and Aberdeen Global China A Equity UCITS. These are priced daily using their net asset value, which is the fair value.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "Gains or losses on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase. All purchases and sales are accounted for on a trade date basis.

## NOTES TO THE FINANCIAL STATEMENTS continued

**2 Investment income**

	(Unaudited) Half year ended 31 July 2018 £'000	(Unaudited) Half year ended 31 July 2017 £'000	(Audited) Year ended 31 January 2018 £'000
Income from investments held at fair value through profit or loss:			
Overseas dividends	3,717	2,669	5,204
UK dividends	202	255	426
Scrip dividends	9	89	110
<b>Total income</b>	<b>3,928</b>	3,013	5,740

**3 Transactions with the managers**

On 27 May 2005, the Company appointed Witan Investment Services Limited as Executive Manager. Aberdeen Asset Managers Limited was appointed as portfolio manager on 31 May 2005. In April 2012, the Company appointed Matthews International Capital Management LLC. In September 2017, the Company appointed Robeco Institutional Asset Management B.V. and Dalton Investments LLC.

Each Management Agreement can be terminated at one month's notice in writing. Each portfolio manager is entitled to a base management fee, at rates between 0.20% and 0.85% per annum, calculated according to the value of the assets under their management.

Aberdeen is also entitled to a performance fee based on relative outperformance against the MSCI AC Asia Pacific Index (sterling adjusted total return). The performance fee is calculated according to investment performance over a three-year rolling period and is payable at a rate of 15% of the calculated outperformance relative to the benchmark (subject to a cap).

Any provisions included in the Income Statement at 31 July 2018 are calculated on the actual performance of the portfolio manager relative to the benchmark index. The provision assumes that both the benchmark index remains unchanged and that the portfolio manager's assets under management perform in line with the benchmark index to 31 May 2019, being the date the next performance period ends.

In addition, provisions are made where necessary for the performance periods ending 31 May 2020 and 31 May 2021, on the assumption that the portfolio manager performs in line with the benchmark to each period end. The total of these provisions amounts to £nil (31 July 2017: £nil and 31 January 2018: £nil).

**3 Transactions with the managers (continued)**

	(Unaudited) Half year ended 31 July 2018 £'000	(Unaudited) Half year ended 31 July 2017 £'000	(Audited) Year ended 31 January 2018 £'000
Charged to revenue return:			
Management fee <sup>1</sup>	209	199	397
Management fee rebates <sup>2</sup>	-	(21)	(27)
	<b>209</b>	178	370
Charged to capital return:			
Management fee <sup>1</sup>	628	597	1,190
Management fee rebates <sup>2</sup>	-	(62)	(80)
	<b>628</b>	535	1,110
<b>Total management fees</b>	<b>837</b>	713	1,480
Performance fees charged to capital return	-	-	-

1 The management fees stated above include fees paid to Witan Investment Services Limited of £150,000 (six months to 31 July 2017: £144,000 and full year to 31 January 2018: £296,000).

2 This figure relates to rebates of management fees associated with the Gavekal Asian Opportunities UCITS. The Company's investment in the Gavekal fund was sold in September 2017.

Management fees are charged 75% to capital return and 25% to revenue return.

The allocation percentages approximate to the split of historic returns between capital and income, and reflect the Board's expectation of the long-term split of returns in compliance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. Performance fees, when payable, will be charged wholly to the capital account.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 4 Dividends

An interim dividend of 2.50p per Ordinary share (2017: 2.25p) will be paid on 29 October 2018 to shareholders on the register on 19 October 2018.

### 5 Return per Ordinary share

The total return/(loss) per Ordinary share is based on the net loss attributable to the Ordinary shares of £1,706,000 (half year ended 31 July 2017: gain of £21,677,000; year ended 31 January 2018: gain of £35,858,000) and on 63,175,471 Ordinary shares (half year ended 31 July 2017: 63,819,054; year ended 31 January 2018: 63,560,181), being the weighted average number of shares in issue during the period.

The total return can be analysed as follows:

	(Unaudited) Half year ended 31 July 2018 £'000	(Unaudited) Half year ended 31 July 2017 £'000	(Audited) Year ended 31 January 2018 £'000
Revenue return	2,975	2,206	4,141
Capital (loss)/return	(4,681)	19,471	31,717
<b>Total (loss)/return</b>	<b>(1,706)</b>	21,677	35,858
Weighted average number of Ordinary shares in issue during the period	<b>63,175,471</b>	63,819,054	63,560,181
Revenue return per Ordinary share – pence	4.71	3.46	6.52
Capital (loss)/return per Ordinary share – pence	(7.41)	30.51	49.90
<b>Total (loss)/return per Ordinary share – pence</b>	<b>(2.70)</b>	33.97	56.42

The Company does not have any dilutive securities.

### 6 Provisions for liabilities and charges

This represents the estimated performance fees payable for the three-year performance fee periods ending 31 May 2019, 31 May 2020 and 31 May 2021. This accrual is based on actual performance to 31 July 2018 and the assumption that the portfolio manager performs in line with the benchmark from 31 July 2018 to the end of each fee period. Changes in the level of accrual for future performance periods could arise for one of three principal reasons: a change in the degree of relative performance, the time elapsed (since this would increase the proportion of the rolling three-year performance period to which the performance calculation would be applied) or the termination of the portfolio manager's contract.

## 7 Share capital

During the half year ended 31 July 2018, 224,884 Ordinary shares were repurchased and held in treasury, at a total cost of £738,000 (half year ended 31 July 2017: 1,624,554 Ordinary shares were repurchased and held in treasury at a total cost of £4,917,000; year ended 31 January 2018: 1,769,293 Ordinary shares were purchased and held in treasury at a cost of £5,395,000).

As at 31 July 2018, there were 65,944,000 Ordinary shares of 25p in issue, of which 2,933,134 were held in treasury. Subsequent to 31 July 2018, a further 440,177 Ordinary shares were repurchased and held in treasury, at a total cost of £1,393,000. As at 2 October 2018, there were 65,944,000 Ordinary shares of 25p in issue, of which 3,373,311 were held in treasury.

## 8 Net asset value per Ordinary share

Net asset values are based on net assets of £239,957,000 (31 July 2017: £232,177,000 and 31 January 2018: £244,455,000) and on 63,010,866 Ordinary shares in issue as at 31 July 2018 excluding shares held in treasury (31 July 2017: 63,380,489 and 31 January 2018: 63,235,750).

## NOTES TO THE FINANCIAL STATEMENTS continued

### 9 Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at the reporting date as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets and financial liabilities at fair value through profit or loss</b>				
<b>As at 31 July 2018</b>				
Equity investments	224,800	8,871	–	233,671
<b>Total</b>	<b>224,800</b>	<b>8,871</b>	<b>–</b>	<b>233,671</b>
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets and financial liabilities at fair value through profit or loss</b>				
<b>As at 31 January 2018</b>				
Equity investments	231,508	9,057	–	240,565
<b>Total</b>	<b>231,508</b>	<b>9,057</b>	<b>–</b>	<b>240,565</b>

The valuation techniques used by the Company are explained in the accounting policies in note 1(b).

There were no transfers during the period between Level 1 and Level 2.

## 9 Fair value hierarchy (continued)

### (a) Quoted equities and preference shares

The fair value of the Company's investments in quoted equities and preference shares has been determined by reference to their quoted bid prices at the reporting date. Quoted equities and preference shares included in Fair Value Level 1 are actively traded on recognised stock exchanges.

Investments classified as Level 2 are Aberdeen Global Indian Equity UCITS and Aberdeen Global China A Equity UCITS (31 January 2018: same).

## 10 Results

The results for the half years ended 31 July 2018 and 31 July 2017, which are unaudited and were not reviewed by the auditors, constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 31 January 2018; the report of the Auditor thereon was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The comparative figures for the year ended 31 January 2018 have been extracted from those accounts.

# RESPONSIBILITY STATEMENT OF THE DIRECTORS

in respect of the Half Year Report for the six months ended 31 July 2018

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report (which comprises the Chair's statement, portfolio information and regulatory disclosures) includes a fair review of the information required by Rules 4.2.7 R and 4.2.8 R of the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority.

The names and functions of the Directors of Witan Pacific Investment Trust plc are as listed on page 30 of this report.

This Half Year Report was approved by the Board on 4 October 2018 and the above responsibility statement was signed on its behalf by:

**Susan Platts-Martin**

**Chair**

4 October 2018



# INFORMATION FOR SHAREHOLDERS

## Shareholder communications

### Website

The Company's website is [www.witanpacific.com](http://www.witanpacific.com). The website provides visitors with a comprehensive range of performance statistics, Company information and literature downloads. The Company's profile is also available on third party websites such as [www.edisoninvestmentresearch.com](http://www.edisoninvestmentresearch.com), [www.trustnet.com](http://www.trustnet.com) and [www.morningstar.co.uk](http://www.morningstar.co.uk)

### Annual and Half Year Reports

Copies of the Annual and Half Year Reports may be obtained by calling 0800 082 8180.

### Share price and NAV information

The Company's Ordinary shares of 25p each are quoted on the London Stock Exchange:

<b>SEDOL number:</b>	0365602
<b>ISIN number:</b>	GB0003656021
<b>EPIC code:</b>	WPC

The codes above may be required to access trading information relating to the Company on the internet.

### Share price listings

The Company's share price is listed daily in selected national newspapers including the Financial Times, The Times and The Daily Telegraph.

### Electronic communications with the Company (e-communications)

Shareholders and Witan Wisdom scheme members now have the opportunity to be notified by e-mail when the Witan Pacific Annual Report and Accounts, Half Year Report and other formal communications are available on the Company's website instead of receiving printed copies by post. This reduces the costs to the Company as well as having an environmental benefit in the reduction of paper, printing, energy and water usage.

If you have not already elected to receive e-communications from the Company and now wish to do so, please contact one of the following depending on whether you hold shares in your own name (see 1. below) or hold shares through the Witan Wisdom scheme (see 2. overleaf):

1. Shareholders who hold shares in their own name should contact:

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road,  
Bristol BS99 6ZY  
[www.investorcentre.co.uk/ecomms](http://www.investorcentre.co.uk/ecomms)  
[web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)  
0370 707 1410

and should have to hand their Shareholder Reference Number.

## INFORMATION FOR SHAREHOLDERS continued

2. Investors who hold shares through the Witan Wisdom Scheme should contact:

Witan Wisdom  
 PO Box 10550 Chelmsford CM99 2BA  
 Email: [wisdom@uk.dstssystems.com](mailto:wisdom@uk.dstssystems.com)  
 0800 082 8180

and should have to hand their Witan Wisdom Account Number.

### Association of Investment Companies

The Company is a member of the Association of Investment Companies  
[www.theaic.co.uk](http://www.theaic.co.uk)

### Financial calendar

<b>Year End</b>	31 January
<b>Annual results</b>	April
<b>Half Year results</b>	October
<b>Annual General Meeting</b>	June
<b>Dividends paid</b>	June & October

### 2018 interim dividend timetable

The interim dividend for the period ended 31 July 2018 is 2.50p per share.

<b>Ex-dividend date</b>	18 October 2018
<b>Record date</b>	19 October 2018
<b>Payment date</b>	29 October 2018

### Company registration

Company registration number 91798

### Enquiries

<b>Witan</b>	0800 082 8180
<b>Wisdom</b>	<a href="mailto:wisdom@uk.dstssystems.com">wisdom@uk.dstssystems.com</a>
<b>Saving Plans</b>	
<b>Company Secretary</b>	WitanPacificInvestmentTrustPlc @linkgroup.co.uk

### Warning to shareholders - share fraud scams

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who are very persistent and persuasive and who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments.

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or are offered an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority ("FCA") has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the Financial Services Register at <https://register.fca.org.uk> to ensure they are authorised.
3. Use the details on the Financial Services Register to contact the firm.
4. If there are no contact details on the Register or you are told they are out of date, call the FCA Consumer Helpline on 0800 111 6768.
5. Search the FCA list of unauthorised firms and individuals with whom you should avoid any business dealings.
6. Remember: If it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme ("FSCS") if things go wrong.

## INFORMATION FOR SHAREHOLDERS continued

---

### **Report a scam**

If you are approached about a share scam, you should tell the FCA using the share fraud reporting form at [www.fca.org.uk/consumers/scams](http://www.fca.org.uk/consumers/scams), where you can find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders. Any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'. If you are in any doubt about an unsolicited phone call, please call either the Company Secretary or the Registrar at the numbers provided at the back of this Half Year Report.

Source MSCI. The MSCI information may only be used by you as an individual for your personal use, and as a corporate organisation for your internal use and it may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com))

# HOW TO INVEST

---

There are a variety of ways to invest in Witan Pacific however this will largely depend upon whether you would like financial advice or are happy to make your own investment decisions.

For those investors who would like advice:

## Private client stockbrokers

Investors with a large lump sum to invest may want to contact a private client stockbroker. They will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from the Wealth Management Association at [www.thewma.co.uk](http://www.thewma.co.uk)

## Financial advisers

For investors looking to find a financial adviser, please visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

Financial Advisers who wish to purchase Witan Pacific for their clients can also do so via a growing number of platforms that offer investment trusts including Alliance Trust Savings, Ascentric, Nucleus, Raymond James, Seven IM and Transact.

For those investors who are happy to make their own investment decisions:

## Online stockbroking services

There are a number of real time execution only stockbroker services which allow

private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services that are already popular with Witan Pacific shareholders include Alliance Trust Savings, Barclays Stockbrokers, Halifax Share Dealing, Hargreaves Lansdown, Selftrade and Interactive Investor.

## Witan Wisdom

Witan Wisdom, the savings scheme offered by Witan Investment Services Limited, offers two different savings wrappers that enable investors to access Witan Pacific:

- The **Witan Wisdom ISA** is a stocks and shares ISA that enables investors to buy Witan Pacific shares within a tax efficient wrapper. Investors have an annual ISA allowance of up to £20,000 for the 2018/19 tax year. The minimum lump sum investment on opening a Witan Wisdom ISA is £2,000 and £500 to top-up thereafter, with the regular savings minimum being £100 per month or per quarter. Investors can also transfer existing ISAs to Witan Wisdom while retaining their tax efficient wrapper during and after transfer subject to a minimum transfer value of £2,000.
- The **Witan Wisdom Share Plan** is a straightforward, low-cost savings scheme. The minimum lump sum

## HOW TO INVEST *continued*

---

investment on opening a Witan Wisdom Share Plan is £1,000 and £500 to top-up thereafter, with the regular savings minimum being £50 per month or quarter. There is no maximum. Accounts can also be held jointly, or designated to a child.

- Brochures and applications for all of the Witan Wisdom products are available by calling 0800 082 8180 or online via [www.witanpacific.com](http://www.witanpacific.com). If you would prefer to write to request further information, the address details can be found on page 31.
- Shareholders who hold their investment via Witan Wisdom are charged a flat annual fee of £30.68 + VAT for both the Witan Wisdom Share Plan and ISA. There is no charge, other than government stamp duty, for regular savings or dividend reinvestment. Lump sum dealing is charged at a flat rate of £15 plus government stamp duty.

Witan Pacific Investment Trust plc is an equity investment. Investors are reminded that past performance is not a guide to future performance and the value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Please note that tax assumptions may change if the law changes, and the value of tax relief (if any) will depend upon your individual circumstances. Investors should consult their own tax advisers in order to understand any applicable tax consequences. Issued and approved by Witan Investment Services Limited. Witan Investment Services Limited of 14 Queen Anne's Gate, London SW1H 9AA is registered in England number 5272533. Witan Investment Services Limited provides investment products and services and is authorised and regulated by the FCA. We may record telephone calls for our mutual protection and to improve customer service.

# GLOSSARY

---

## Definitions of Alternative Performance Measures

### **Net asset value per share**

This is the value of total assets less all liabilities of the Company. The net asset value, or NAV, per Ordinary share is calculated by dividing this amount by the total number of Ordinary shares in issue (excluding those shares held in treasury).

### **Net asset value total return**

The movement in the net asset value per share adjusted to include the reinvestment of each dividend paid during the respective period's calculation.

### **Ongoing charge**

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue as a collective fund, excluding the costs of acquisition and disposal and gains or losses arising on investments. The calculation is performed in accordance with the guidelines issues by the Association of Investment Companies.

### **Premium/discount**

The amount by which the market price per share is either higher (premium) or lower (discount) than the net asset value per share expressed as a percentage of the net asset value per share.

### **Share price total return**

The movement in Ordinary share price adjusted to include the reinvestment of each dividend paid during the respective period's calculation.

# DIRECTORS AND ADVISERS

---

## Directors

### **Susan Platts–Martin**

Chair

### **Dermot McMeekin**

Senior Independent Director and Chairman of the Nomination and Remuneration Committee

### **Christopher Ralph**

Independent Director

### **Andrew Robson**

Independent Director and Chairman of the Audit Committee

### **Diane Seymour–Williams**

Independent Director

All the Directors are members of both the Audit Committee and of the Nomination and Remuneration Committee.

## Executive Manager

Witan Investment Services Limited

14 Queen Anne's Gate

London SW1H 9AA

## Portfolio Managers

Aberdeen Asset Managers Limited

10 Queen's Terrace

Aberdeen AB10 1YG, UK

Dalton Investments LLP

1601 Cloverfield Boulevard, Suite 5050N

Santa Monica, CA 90404, USA

Matthews International Capital  
Management, LLC

Four Embarcadero Center, Suite 550

San Francisco, CA 94111, USA

Robeco Institutional Asset Management B.V.

Weena 850, 3014 DA Rotterdam

The Netherlands



**Company Secretary and Registered Office**

Link Company Matters Limited  
 Beaufort House, 51 New North Road  
 Exeter EX4 4EP

**Fund Accountants and Administrator**

BNP Paribas Securities Services  
 10 Harewood Avenue  
 London NW1 6AA

**Independent Auditors**

PricewaterhouseCoopers LLP  
 Chartered Accountants and Statutory Auditors  
 7 More London Riverside  
 London SE1 2RT

**Custodian and Bankers**

JPMorgan Chase Bank, N.A.  
 125 London Wall  
 London EC2Y 5AJ

The Royal Bank of Scotland plc  
 7th Floor, 135 Bishopsgate  
 London EC2M 3UR

**Registrars**

Computershare Investor Services PLC  
 The Pavilions Bridgwater Road  
 Bristol BS99 6ZZ  
 Telephone: 0370 707 1410  
 Facsimile: 0370 703 6101

Calls from landlines are typically charged up to 9p per minute; calls from mobiles typically cost between 3p and 40p per minute.

Email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)  
 Website: [www.computershare.com](http://www.computershare.com)

**Witan Wisdom Scheme**

Witan Wisdom  
 PO Box 10550 Chelmsford CM99 2BA  
 Telephone: 0800 082 8180  
 Email: [wisdom@uk.dstsystems.com](mailto:wisdom@uk.dstsystems.com)

**Broker**

J.P. Morgan Cazenove  
 25 Bank Street, Canary Wharf  
 London E14 5JP

# NOTES



Printed on Cocoon 50% silk, a recycled paper containing 50% recycled waste and 50% virgin fibre.  
Pulps used are elemental chlorine free process, manufactured at a mill certified with the ISO 14001 environmental management standard.

The FSC logo® identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council®.

